

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 2682 - HB 3288

March 1, 2012

SUMMARY OF BILL: Creates a five year pilot project, from 2013 to 2018, in three Shelby County zip codes with the highest infant mortality rates, requiring the Department of Health (DOH) to pay pregnant women who are enrolled in TennCare and who reside in one of the three zip codes \$50 for each prenatal or maternity care visit. Limits the payments to one office visit for each four weeks for the first twenty-eight weeks of pregnancy, one office visit for each two weeks for weeks twenty-nine through thirty-six of pregnancy, and one visit for each week thereafter. Requires the Commissioner of DOH to report relevant project statistics, on or before February 1, 2018, to the Chair of the General Welfare, Health and Human Resources Committee of the Senate, and the Chair of the Health and Human Resources Committee of the House. Authorizes the Commissioner of DOH to promulgate rules and regulations to effectuate the purposes of this act.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures – \$403,900/FY12-13
\$722,200/FY13-14 thru FY16-17
\$361,100/FY17-18

Assumptions:

- According to DOH, the five-year average of applicable births in the three Shelby County zip codes with the highest infant mortality rates is 939.
- According to DOH, in the previous five years an average of 3.2 percent of women statewide did not receive prenatal care; 63 percent received care prior to 12 weeks; 25.9 percent received care after 12 weeks; and 7.9 percent had unknown status regarding the timing of prenatal care. For the purposes of this fiscal note, the 7.9 percent of the unknowns have been added to the group that received prenatal care prior to 12 weeks.
- With the proposed incentives of this legislation, it is assumed that traditionally lower Shelby County prenatal care rates will increase to the average statewide rates.
- For women who started receiving prenatal care prior to 12 weeks, there would be a maximum of 15 visits per birth, including one post-partum visit, for which \$50 payments could be received. As a result, state expenditures will increase by \$499,313 [(63% + 7.9%) x 939 births x 15 visits x \$50 per visit].
- For women who started receiving prenatal care after 12 weeks, there would be a maximum of 12 visits per birth, including one post-partum visit, for which \$50 payments

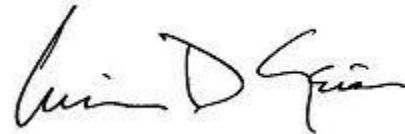
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could be received. As a result, state expenditures will increase by \$145,921 (25.9% x 939 births x 12 visits x \$50 per visit).

- No increase in state expenditures for the estimated 3.2 percent of women who will not receive prenatal care.
- The total increase in recurring state expenditures during the pilot program will be \$645,234 (\$499,313 + \$145,921). Half of this increase, or \$322,617, will occur in FY12-13 due to the effective date of the pilot program of January 1, 2013. Half of this increase, or \$322,617, will occur in FY17-18 due to the end date of this pilot program.
- During the pilot program, DOH will hire one Program Director to develop a system for payment of incentives, approve and process claims from project participants, educate providers, address questions and concerns from participants and providers, and complete program reports.
- The recurring increase in state expenditures associated with this position will be \$76,917 (\$46,800 salary + \$12,917 benefits and insurance + \$7,900 administrative cost allocation + \$4,100 office space lease + \$3,000 travel + \$1,600 communications and networking + \$600 supplies). This increase will begin in July, 1 2012, and end December 31, 2017 due to the effective date of the bill and end date of the pilot program. Half, or \$38,459, of the increase will occur in FY17-18.
- One-time costs for the new position will be \$4,400 (\$2,700 office setup + \$1,700 computers and equipment).
- The total increase in state expenditures in FY12-13 will be \$403,934 (\$322,617 + \$76,917 + \$4,400).
- The total increase in state expenditures in FY13-14 thru FY16-17 will be \$722,151 (\$645,234 + \$76,917).
- The total increase in state expenditures in FY17-18 will be \$361,075 (\$322,617 + \$38,458).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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